

# Managing the Risks of eBusiness: Network Security Insurance Initiatives

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*Presented By*

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- Why should you care?
- Network Security Insurance Marketplace
  - What are the Network security risks:
  - Can traditional insurance help?
  - 7 necessary parts of a specialty network security policy

# eCommerce Insurance Suite

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Forrester Research, Inc. defines the new  
"eCommerce Insurance Suites" as:

*"A Bundle of eMarketplace services that reduces the risks of online commerce on a transaction-by-transaction basis."*

*ONE OF THESE SERVICES IS NETWORK  
SECURITY INSURANCE*



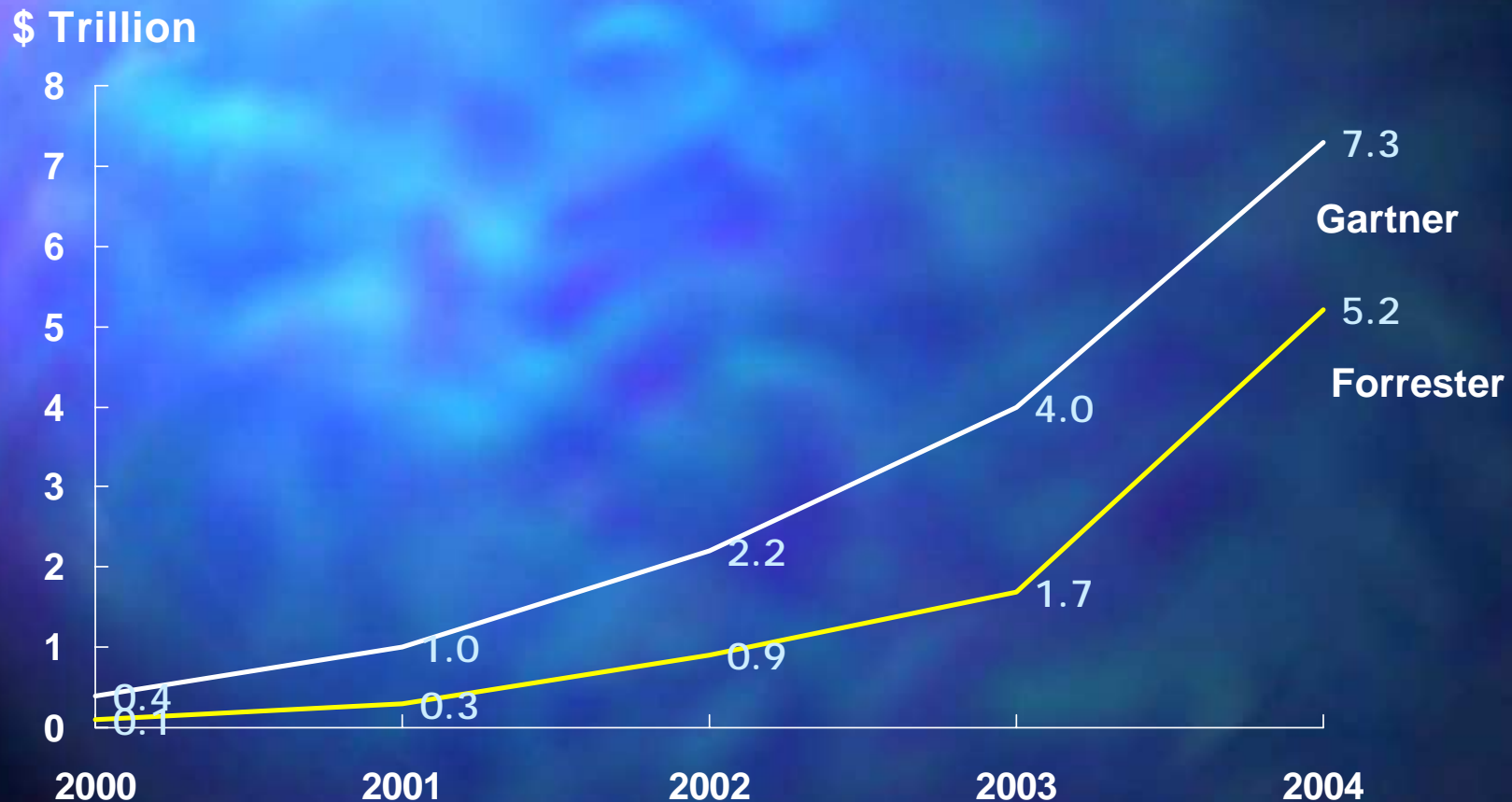
# What is AIG's role in all of this according to Forrester?

- "Forward-looking insurance companies like AIG ... will attack [the] eCommerce insurance [opportunity] to tap into a new revenue stream that could exceed \$1 billion [by 2003] -- and add some Internet luster to these conservative companies."
- Simply put, "Forrester predicts that the winners in eCommerce insurance will be companies like AIG."

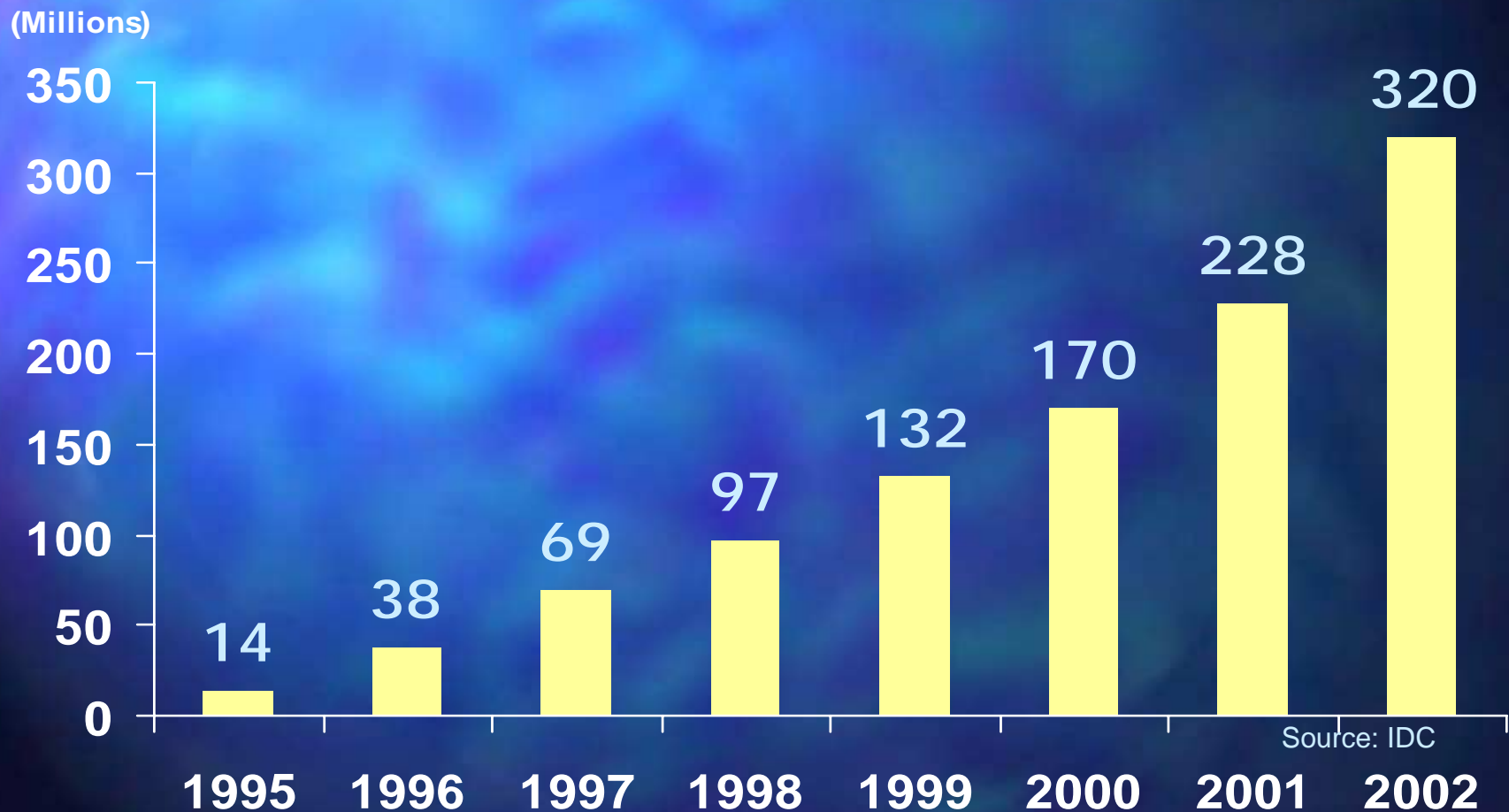
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Why is all this talk about “eCommerce”  
important?

# Worldwide B2B eCommerce Market Volume

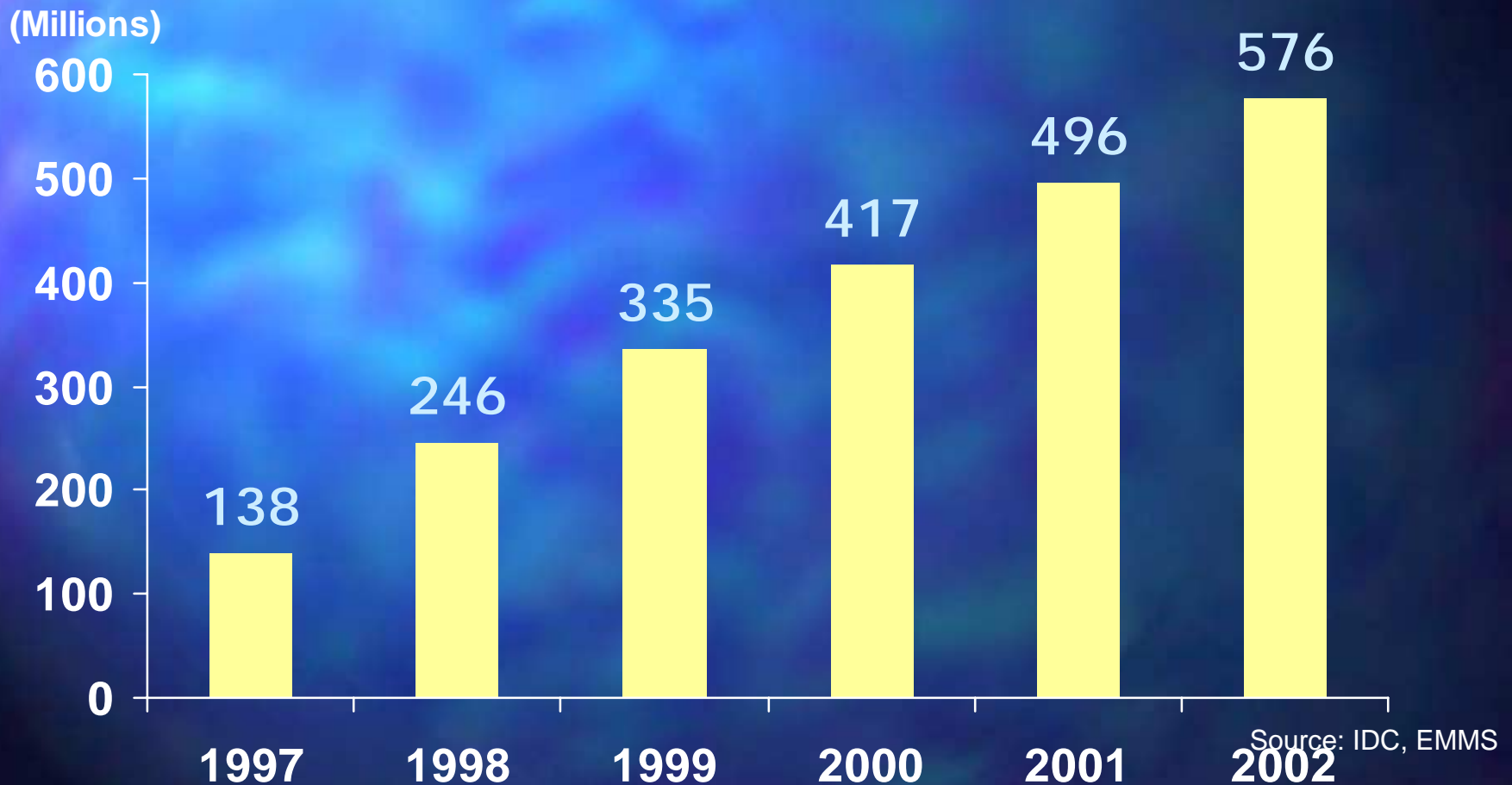


# Internet Users Worldwide





# eMail Usage Growth

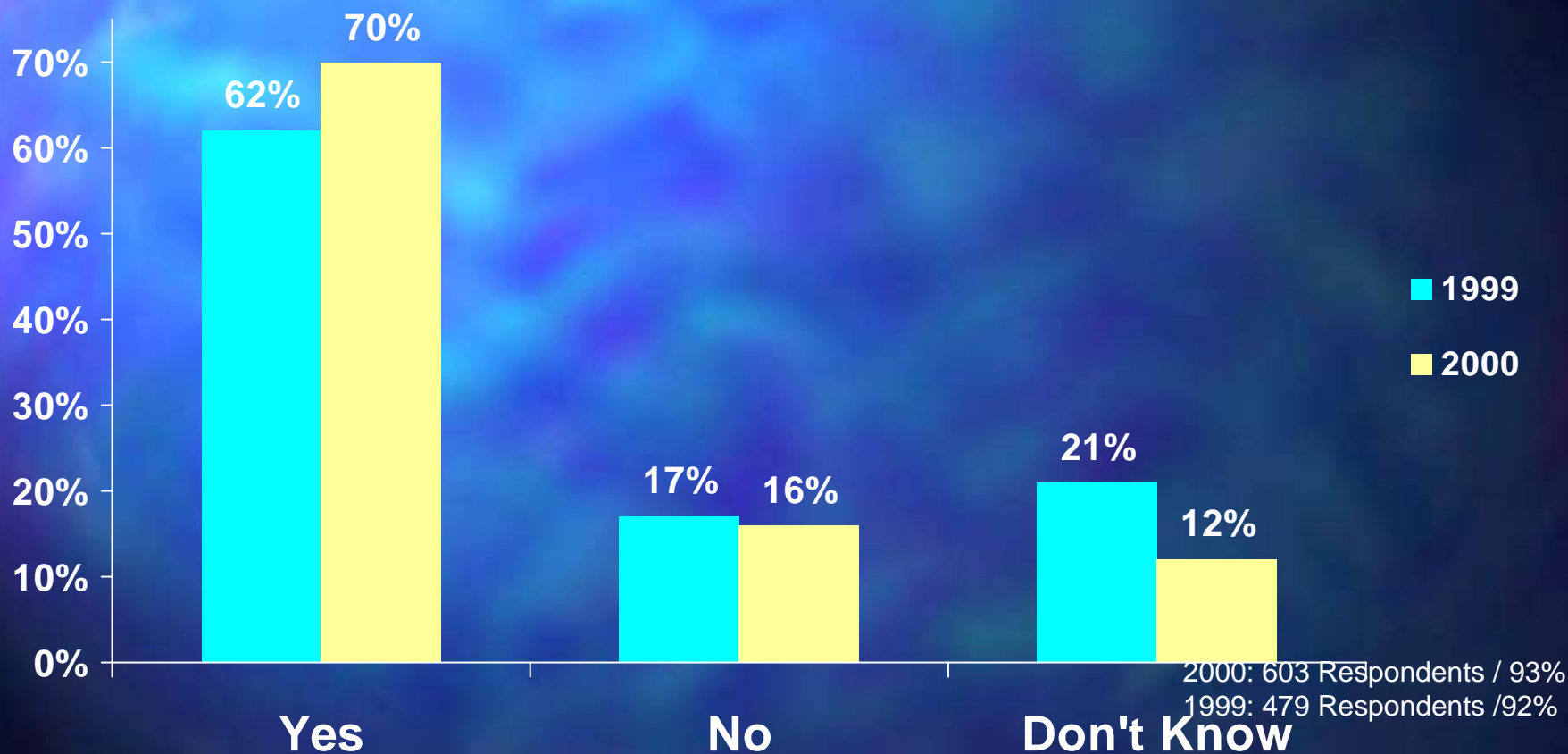




# Network Security

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# Unauthorized Use of Computer Systems

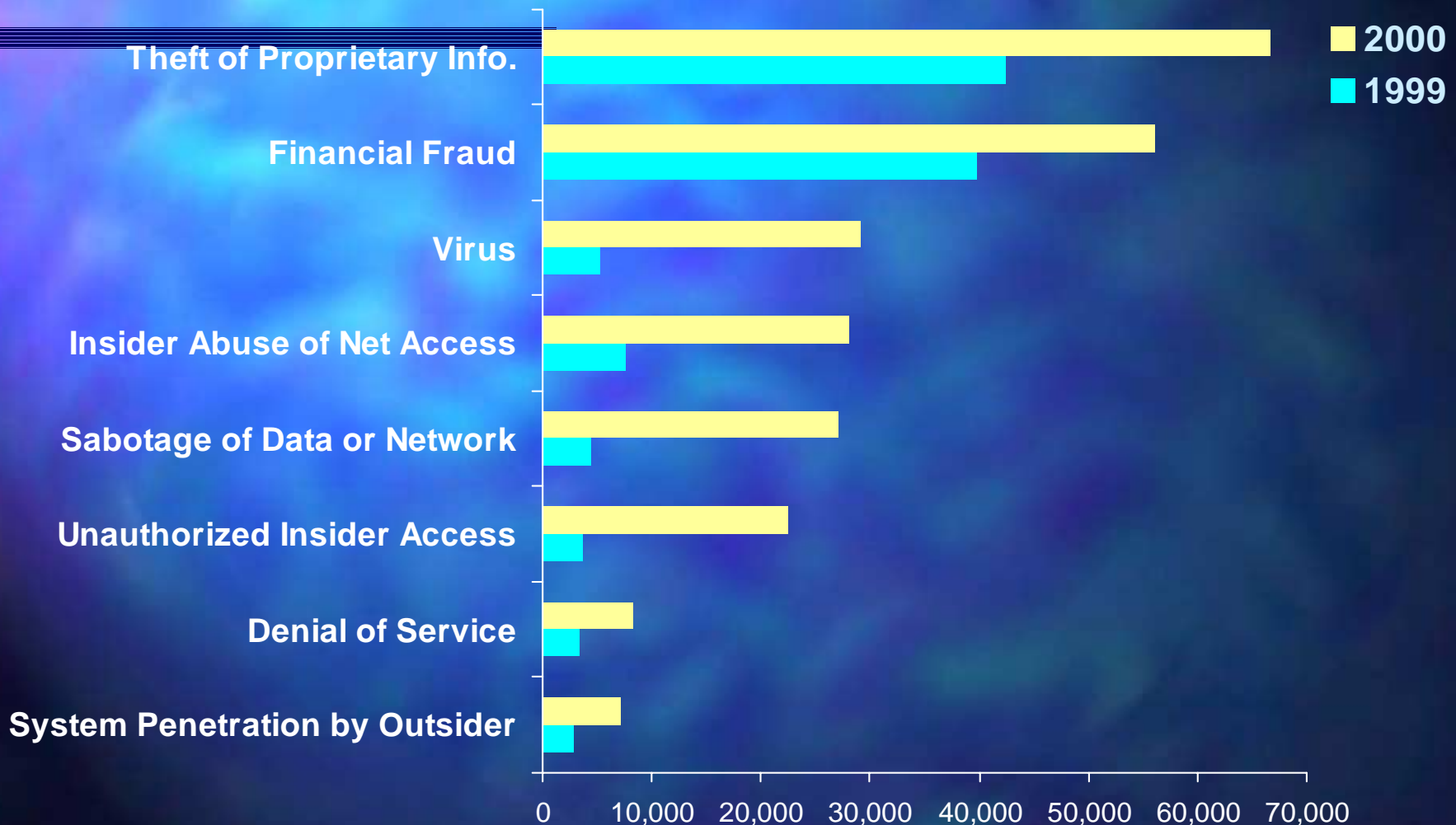


Source: Computer Security Institute

# Annual Losses of Computer Crimes and Security Breaches

Grand Total of Losses Reported (1997 - 2000)

\$ 626,306,795



# Viruses

- More than 50,000 viruses have been created; up to 400 are active at a time, and 10 new viruses are released each day.
- Virus attacks cost businesses more than \$12.1 billion in 1999.
- The 'Love Bug' virus infected an estimated 45 million e-mail users on its first day.
- Security experts concur worms such as Love Bug and Melissa are only "the tip of the iceberg", merely providing the concept for much more dangerous viruses that operate without user intervention.



# Network Security Insurance

## 7 Basic Coverages

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- Liability
- Media
- Cyber-extortion
- (intangible/information) property loss
- Loss of eRevenue
- Criminal Reward Coverage
- Public relations (crisis mgmt) coverage

# Problems with Traditional Insurance?

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- Property and computer crime policies?
  - Direct Physical damage: Fire, windstorm...
  - Covers: **Tangible** property only

# Can Traditional Insurance help? (part 2)

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- Business Interruption Policies?
  - Named Peril: *See Property Policies*

# Can Traditional Insurance help? (part 3)

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## ■ Liability Insurance

- CGL: covers *bodily injury/tangible property damage* suffered by others.
- E&O: Maybe coverage if you provide professional services to others for a fee
- Media- sometimes in GL; exclusion problems



# Can Traditional Insurance help?

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NO.

# Loss Prevention Services

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- Security Assessment:
  - On line and Physical Security Analysis at no cost to the insured - Unisys
  - Cost effective security assessment conducted by a member of the insurer's panel - Global Integrity, RSA, IBM
- Legal analysis: Access to specialized technology law firms.

## *For More Information*

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- Your local AIG office
- Your local AIG Technology Risk Solutions representative
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